

Message Text

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ACTION AID-59

INFO OCT-01 AF-10 ISO-00 AGRE-00 EB-08 COME-00 TRSE-00

IGA-02 SS-15 SP-02 SSO-00 L-03 /100 W

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O 251615Z JUL 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 4806

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PASS AGRICULTURE/OGSM

E.O. 11652: N/A

TAGS: EAID, CG

SUBJECT: PL-480 TITLE I

REF: (A) STATE 169908, (B) KINSHASA 2258, (C) KINSHASA 3168

1. SUMMARY: EMBASSY SHARES DEPT'S CONCERNS. THEREFORE, WE HAVE REVISED OUR REQUEST FOR ADDITIONAL PL-480 TITLE I RICE FROM 30,000 MT TO 15,000 MT PLUS PREVIOUS 4,000 MT, WHICH WE REGARD AS MINIMUM NEEDED TO ALLEVIATE CURRENT AND PROJECTED SHORTAGE FOR NEXT FEW MONTHS. WE BELIEVE GOZ FULLY CAPABLE OF HANDLING THIS REDUCED AMOUNT AND STRONGLY RECOMMEND APPROVAL. ANALYSIS FOR FY-78 REQUIREMENTS WILL BE SUBMITTED EARLY IN FISCAL YEAR. END SUMMARY.

2. WE SHARE DEPT'S CONCERNS EXPRESSED REF (A). CONSEQUENTLY WE REVISE OUR REQUEST FOR ADDITIONAL 30,000 MT (REF B) TO AN ADDITIONAL 15,000 MT PLUS 4,000 MT INCLUDED IN TITLE I AGREEMENT OF MAY 24, 1977. WE REGARD THIS AS MINIMUM AMOUNT NEEDED TO ALLEVIATE CURRENT SHORTAGE IN KINSHASA WHICH IS EXPECTED TO CONTINUE FOR SOME ADDITIONAL MONTHS UNTIL SIGNIFICANT QUANTITIES OF RICE FROM NEW HARVEST CAN REACH KINSHASA. WE BELIEVE GOZ IS FULLY CAPABLE OF PROCESSING THIS AMOUNT WITHIN TIMEFRAME
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ENVISAGED.

3. WE, TOO, ARE CONCERNED ABOUT DELAY IN IMPLEMENTATION OF TITLE I AGREEMENT OF MAY 24, 1977. WE CANNOT GIVE CATEGORIC ASSURANCES THAT GOZ WILL BE ABLE TO OVERCOME ITS INHERENT BUREAUCRATIC PROBLEMS SO AS TO SHIP BY SEPTEMBER 30 ALL COMMODITIES OF ORIGINAL AGREEMENT AND ANY THAT MIGHT BE PROVIDED

BY AMENDMENT TO PL-480 AGREEMENT. WE ARE, HOWEVER, ENCOURAGED BY SEVERAL RECENT DEVELOPMENTS. WE HAVE HAD NUMEROUS MEETINGS WITH GOZ OFFICIALS AND WE BELIEVE GOZ HAS TAKEN OR IS IN PROCESS OF TAKING SIGNIFICANT STEPS TO OVERCOME PROBLEMS. WE ARE ENCOURAGED BY A PLAN PREPARED BY MINISTRY OF PLANNING TO IMPROVE DISTRIBUTION OF PL-480 COMMODITIES AND ACCOUNTABILITY FOR COUNTERPART FUNDS. WE ARE PARTICULARLY IMPRESSED BY THE DETERMINATION AND ENERGY OF THE NEW MINISTER OF PLANNING WHO HAS HAD A SERIES OF MEETINGS WITH AID DIRECTOR TO DISCUSS IMPROVEMENTS IN IMPLEMENTATION OF PL-480 PROGRAM. WE ARE ALSO ENCOURAGED BY ASSURANCES RECENTLY RECEIVED FROM OFFICIALS OF THE CENTRAL BANK AND MINISTRY OF ECONOMY.

4. WE ARE IN COMPLETE AGREEMENT WITH DEPT THAT PL-480 RICE NOT BE A DISINCENTIVE TO LOCAL PRODUCTION. HOWEVER, IF IT IS SHIPPED PRIOR TO SEPT 30 THEN IT SHOULD REACH THE IMPORTANT KINSHASA MARKET SOME MONTHS PRIOR TO THE DOMESTICALLY PRODUCED RICE. ALTHOUGH LOCAL HARVEST BEGINS IN OCTOBER AND EXTENDS INTO JANUARY, INTERNAL DISTRIBUTION PROBLEMS ARE SO SEVERE THAT IMPORTED PL-480 RICE SHOULD BE NECESSARY DURING MOST OF THAT PERIOD TO PREVENT EXTREME SHORTAGE OF THAT COMMODITY.

5. WE HAVE VERY MUCH IN MIND QUESTION OF RICE PRICING POLICY AND HOW THIS WILL AFFECT LOCAL SITUATION AS TO FARMER AND CONSUMER. WE DO NOT YET HAVE DETAILED PRICING POLICY BUT CERTAINLY WE MUST ENSURE THAT PRICE OF PL-480 RICE NOT BE A DISINCENTIVE TO LIMITED OFFICIAL USE

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LOCAL PRODUCTION. HOWEVER, PL-480 RICE COULD PROVIDE SIGNIFICANT RELIEF TO CONSUMERS. AT PRESENT RICE IS EXTREMELY SCARCE ON KINSHASA MARKET. WHEN AVAILABLE, PRICE IS APPROXIMATELY 50 TO 60 ZAIRES PER 45 KILO BAG AS COMPARED TO ONLY 30 ZAIRES PER 45 KILO BAG A YEAR AGO. AS POINTED OUT REF (C), WE THINK IMPORTS OF USG FINANCED AGRICULTURAL PRODUCTS HAVE UNDOUBTEDLY MODERATED PRICE INCREASES OF CERTAIN IMPORTANT COMMODITIES SUCH AS RICE.

6. WE INTEND TO PREPARE A DETAILED ANALYSIS AS TO ADDITIONAL REQUIREMENTS IN FY-78.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RICE, FOOD ASSISTANCE, PL 480 TITLE 1
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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ISecure: 1
Legacy Key: link1977/newtext/t19770723/aaaaatym.tel
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Secure: OPEN
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0cd08264-c288-dd11-92da-001cc4696bcc
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